



Peterson  
Allred  
Jackson

**CACHE METROPOLITAN  
PLANNING ORGANIZATION**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
JUNE 30, 2005**

▪ Certified Public Accountants  
Business Consultants

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## **TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b><u>INTRODUCTORY SECTION:</u></b>	
Letter of transmittal	4
<b><u>FINANCIAL SECTION:</u></b>	
Independent Auditor's Report	8
Management's Discussion and Analysis	10
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	14
Statement of Activities	15
Fund Financial Statements:	
Balance Sheet - Governmental Funds	16
Statement of Revenues, Expenditures, and Changes in	
Fund Balances - Governmental Funds	17
Statement of Revenues, Expenditures, and Changes in Fund	
Balances - Budget and Actual - General Fund	18
Notes to Financial Statements	19
<b><u>SUPPLEMENTAL INFORMATION:</u></b>	
Report on Compliance and Internal Control	25
State Legal Compliance Report	27
Management Letter with Responses	29

## **INTRODUCTORY SECTION**



David Kooyman Chair  
Lynn Lemon, Vice Chair

James P. Gass, Executive Director

## Cache Metropolitan Planning Organization

179 North Main Street, Rm. 305 Logan, Utah 84321 Phone: 435-716-7154 Fax: 435-753-3426

October 10, 2005

State of Utah  
Utah Department of Transportation  
4501 South 2700 West  
Salt Lake City, UT 84119-5998

Sir:

It is with great pleasure that the financial statements for the Cache Metropolitan Planning Organization (CMPO) for the year ended June 30, 2005, is presented.

In addition to the fund financial information currently presented in the CMPO's financial statements, this report includes government-wide financial statements. The government-wide financial statements include a Statement of Net Assets that provides the total net assets of the CMPO and the Statement of Activities that shows the cost of providing government services.

State law requires that all local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. These financial statements are hereby issued and submitted to you for the fiscal year ended June 30, 2005, in accordance with these requirements.

This report consists of management's representations concerning the finances of the CMPO. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management has established an internal control framework that is designed to both protect the assets of the CMPO from loss, theft, or misuse and to allow for the compiling of sufficient reliable information for the preparation of the CMPO's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the CMPO's internal control procedures have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. To the best of management's knowledge and belief, this financial report is complete and reliable in all material respects.

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**Executive Council:**

Mayors: David Kooyman, Hyde Park; Gordon Olson, Hyrum City; Vic Jensen, River Heights; Val Potter, North Logan; Mike Johnson, Millville; Alma H. Leonhardt, Providence; H. Lynn Welker, Nibley; Douglas E. Thompson, Logan City; Ray Winn, Smithfield; Ruth Maughan, Wellsville.

Other Members: Steven J. Bodily, Utah Transportation Commission; Lynn Lemon, Cache County Executive; Ron Bushman, Logan Transit District  
Tami Pyfer, Logan City Council

The CMPO's financial statements have been audited by Peterson Allred Jackson, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the CMPO for the fiscal year ended June 30, 2005, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the CMPO's financial statements for the fiscal year ended June 30, 2005, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

I wish to express my appreciation to all members of the CMPO who assisted and contributed to the preparation of this report.

Respectfully submitted,

A handwritten signature in cursive script that reads "Jim Gass".

James P. Gass, Executive Director  
Cache Metropolitan Planning Organization

**FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

Executive Council  
Cache Metropolitan Planning Organization

We have audited the accompanying financial statements of the governmental activities, and each major fund, of the Cache Metropolitan Planning Organization (CMPO), as of and for the year ended June 30, 2005, which collectively comprise the CMPO's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the CMPO's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund, of the CMPO, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 10, 2005 on our consideration of the CMPO's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results for our audit.



The Management's Discussion and Analysis on pages 10-12, is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Peterson Allred Jackson

October 10, 2005



## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Cache Metropolitan Planning Organization (CMPO), we offer readers of the CMPO's financial statements this narrative overview and analysis of the financial activities of the CMPO for the fiscal year ended June 30, 2005.

### FINANCIAL HIGHLIGHTS

- Total revenues increased \$48,651.
- Total cash increased \$4,285.

### REPORTING THE CMPO AS A WHOLE

This discussion and analysis is intended to serve as an introduction to the CMPO's basic financial statements. The CMPO's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

**The government-wide financial statements** are designed to provide readers with a broad overview of the CMPO's finances, in a manner similar to a private-sector business.

- The statements of net assets presents information on all of the CMPO's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the CMPO is improving or deteriorating. However, you will also need to consider other nonfinancial factors.
- The statement of activities presents information showing how the CMPO's net assets changed during the fiscal year reported. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Both of the government-wide financial statements distinguish functions of the CMPO that are principally supported by intergovernmental revenues (governmental activities) from other functions. The government-wide financial statements can be found on pages 14 & 15 of this report.

## REPORTING THE CMPO'S MOST SIGNIFICANT FUNDS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The CMPO also uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the CMPO can be divided into one category: governmental funds.

- **Governmental funds** - These funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. These fund statements focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the CMPO's general government operations and the basic services it provides. Governmental fund information helps users determine whether there are more or fewer financial resources that can be spent in the near future to finance the CMPO's programs.

The only major governmental fund (as determined by generally accepted accounting principles) is the General Fund.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the CMPO, assets exceed liabilities by \$5,018.

### STATEMENT OF NET ASSETS

	<u>Governmental Activities</u>	
	<u>2005</u>	<u>2004</u>
Current and other assets	\$ 33,508	\$ 34,495
Total assets	<u>33,508</u>	<u>34,495</u>
Other liabilities	<u>28,490</u>	<u>29,477</u>
Total liabilities	<u>28,490</u>	<u>29,477</u>
Net assets:		
Restricted	<u>5,018</u>	<u>5,018</u>
Total net assets	<u>\$ 5,018</u>	<u>\$ 5,018</u>

## CHANGES IN NET ASSETS

	<u>Governmental Activities</u>	
	<u>2005</u>	<u>2004</u>
Revenues:		
Program revenues:		
Operating grants & contributions	\$ 147,277	\$ 101,005
General revenues:		
Investment income	—	—
Other revenues	<u>9,713</u>	<u>7,334</u>
Total revenues	<u>156,990</u>	<u>108,339</u>
Expenses:		
General government	<u>156,990</u>	<u>108,339</u>
Total expenses	<u>156,990</u>	<u>108,339</u>
Increase (decrease) in net assets	—	—
Net assets, beginning of year	<u>5,018</u>	<u>5,018</u>
Net assets, end of year	<u>\$ 5,018</u>	<u>\$ 5,018</u>

## FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS

The focus of the CMPO's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the CMPO's financing requirements.

The General Fund is the chief operating fund of the CMPO. All activities which are not required to be accounted for in separate funds either by state or local ordinance or by a desire to maintain a matching of revenues and expenses are accounted for in this fund.

Significant changes in the governmental funds include an increase in revenues and expenses of \$48,651.

## GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year the General Fund original budget was \$189,953 and was not amended.

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**CACHE METROPOLITAN PLANNING ORGANIZATION**

**STATEMENT OF NET ASSETS**

**JUNE 30, 2005**

**With Comparative Totals for 2004**

	<b><u>GOVERNMENTAL FUND TYPES</u></b>	<b><u>TOTALS (Memorandum Only)</u></b>
<b><u>ASSETS</u></b>	<b><u>General</u></b>	<b><u>June 30, 2004</u></b>
Current assets:		
Cash and cash equivalents	\$ 20,259	\$ 15,974
Grants receivable	<u>13,249</u>	<u>18,521</u>
Total current assets	<u>\$ 33,508</u>	<u>\$ 34,495</u>
<b><u>LIABILITIES AND FUND EQUITY</u></b>		
Current Liabilities:		
Accounts payable	\$ 3,896	\$ 6,320
Unexpended match	<u>24,594</u>	<u>23,157</u>
Total current liabilities	<u>28,490</u>	<u>29,477</u>
Net Assets:		
Restricted	<u>5,018</u>	<u>5,018</u>
Total net assets	<u><u>\$ 5,018</u></u>	<u><u>\$ 5,018</u></u>

See accompanying notes to the basic financial statements.

# CACHE METROPOLITAN PLANNING ORGANIZATION

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2005

With Comparative Totals for 2004

	Program Revenues		Net Governmental Activities	Memorandum Only	
	Charges for Services	Operating Grants & Contributions		Total 2005	Total 2004
Governmental activities:					
General government	\$ 156,990	\$ -	\$ (9,713)	\$ (9,713)	\$ (7,334)
Total governmental activities	156,990	147,277	(9,713)	(9,713)	(7,334)
				-	-
General Revenues:					
Other revenue (city matching funds)			9,713	9,713	7,334
Investment income			-	-	-
Total general revenues			9,713	9,713	7,334
Change in net assets			-	-	-
Net assets - beginning			5,018	5,018	5,018
Net assets - ending			5,018	5,018	5,018

See accompanying notes to the basic financial statements.

**CACHE METROPOLITAN PLANNING ORGANIZATION  
GENERAL FUND  
BALANCE SHEET  
JUNE 30, 2005**

**With Comparative Totals for 2004**

**ASSETS**

	<u>Memorandum Totals</u>	
	<u>2005</u>	<u>2004</u>
Current assets:		
Cash and cash equivalents	\$ 20,259	\$ 15,974
Grants receivable	13,249	18,521
 TOTAL CURRENT ASSETS	 \$ 33,508	 \$ 34,495

**LIABILITIES AND FUND EQUITY**

Current liabilities:		
Accounts payable	\$ 1,154	\$ 365
Payroll and taxes payable	2,742	5,955
Unexpended match	24,594	23,157
 Total current liabilities	 28,490	 29,477
 Fund balances:		
Reserved	5,018	5,018
 Total fund equity	 5,018	 5,018
 TOTAL LIABILITIES AND FUND EQUITY	 \$ 33,508	 \$ 34,495

See accompanying notes to the basic financial statements.



**CACHE METROPOLITAN PLANNING ORGANIZATION  
GOVERNMENTAL FUNDS TYPE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES -  
FOR THE YEAR ENDED JUNE 30, 2005  
With Comparative Totals for 2004**

	<b>GOVERNMENTAL FUND TYPES</b>	<b>TOTALS (Memorandum Only)</b>
	<u>General</u>	<u>Year Ended June 30, 2004</u>
Revenues:		
Intergovernmental	<u>\$ 156,990</u>	<u>\$ 108,339</u>
Total revenues	<u>156,990</u>	<u>108,339</u>
Expenditures:		
General administration	<u>156,990</u>	<u>108,339</u>
Total expenditures	<u>156,990</u>	<u>108,339</u>
Excess of revenues over expenditures	-	-
Fund Balance - July 1,	<u>5,018</u>	<u>5,018</u>
FUND BALANCE - June 30,	<u><u>\$ 5,018</u></u>	<u><u>\$ 5,018</u></u>

See accompanying notes to the basic financial statements.

**CACHE METROPOLITAN PLANNING ORGANIZATION  
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2005**

	<u>GENERAL FUND</u>			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 189,953	\$ 189,953	\$ 156,990	\$ (32,963)
Total revenues	<u>189,953</u>	<u>189,953</u>	<u>156,990</u>	<u>(32,963)</u>
Expenditures:				
General administration	<u>189,953</u>	<u>189,953</u>	<u>156,990</u>	<u>32,963</u>
Total expenditures	<u>189,953</u>	<u>189,953</u>	<u>156,990</u>	<u>32,963</u>
Excess of revenues over expenditures	-	-	-	-
Fund Balance - July 1, 2004	<u>5,018</u>	<u>5,018</u>	<u>5,018</u>	<u>-</u>
FUND BALANCE - June 30, 2005	<u>\$ 5,018</u>	<u>\$ 5,018</u>	<u>\$ 5,018</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

**CACHE METROPOLITAN PLANNING ORGANIZATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2005**

**Note 1: Summary of significant accounting policies**

**Reporting entity**

The basic financial statements of the CMPO have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles.

The Cache Metropolitan Planning Organization (the Organization), was organized and created by an agreement made and entered into by several Mayors of the Logan Urbanized Area, Cache County, Logan Transit District, Utah Department of Transportation, and State of Utah by and through the Governor of the State of Utah as permitted by federal code 23 USC 134b and Title 11, Chapter 13, Utah Code Annotated, 1953, as amended.

The Organization was created due to a public need in the Metropolitan Area in the Cache Valley, including the Cities of Hyde Park, Logan, Millville, Nibley, North Logan, Providence, River Heights, Smithfield, Wellsville, Hyrum, the Logan Transit District, Cache County, and the Utah Department of Transportation, to provide a forum for study and identification of regional transportation problems and projects of mutual interest to the cities within the region, and to prepare short and long term plans for the connective transportation of the region.

The Organization is empowered under existing laws of the State of Utah, to study, plan, discuss and recommend policies and procedures for the solution of area wide transportation problems, and to enter into certain agreements and expend allocated funds for planning and construction in the exercise of such powers.

Financial reporting is based upon all GASB pronouncements, as well as the FASB Statements and Interpretations, APB Opinions and Accounting Research Bulletins that were issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. FASB pronouncements issued after November 30, 1989 are not followed in the preparations of the accompanying financial statements.

**Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the CMPO. Interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those which are

clearly identifiable with a specific function or segment. Program revenues include 1) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Measurement focus, basis of accounting, and financial statement presentation.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The CMPO applies expenses for restricted resources first when both restricted and unrestricted net assets are available.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenues are considered to be measurable and available only when cash is received by the CMPO.

The CMPO reports the following major governmental fund:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government.

Budgets. Budgets, as required by state statutes, are adopted on a basis consistent with generally accepted accounting principles. Annual budgets are adopted for the general fund and all appropriations lapse at fiscal year end.

Memorandum Totals. Total columns on the combined statements are captioned "memorandum only" to indicate that they are presented only to facilitate analysis. Data in these columns do not present financial position, results of operations, or changes in cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

Use of Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

### **Note 2: Legal Compliance - Budgets**

The Organization and its authorized activities are financed by contributions from federal and state agencies, and by assessments made to the Organization's members. The fiscal year of the Organization commences on July 1. The annual budget is submitted to the executive committee by the Executive Director on or before April 1 of each year and shall be adopted by the Executive Committee not later than June 22 of each year.

Each year upon the adoption of the annual transportation planning budget, the Executive Committee assesses its constituent cities and the county for the funds required by the budget as the matching portion of the annual transportation planning budget. The assessment satisfies the match amount required by law and is based on population. Assessment for the county, will be based on population of the unincorporated part of the county within the Organization's boundary. The population basis for this assessment is reviewed annually by the Executive Committee. Matching funds required for capital and other Transportation Improvement Program projects will be the responsibilities of the agencies sponsoring the projects.

Copies of the proposed budget and annual assessment are delivered to each voting, and each non-voting member agency, prior to April 1. Notice of budget concurrence and assessment reservation by the above are received by the Organization on or before June 1. Expenditures by the Organization may commence by July 1, if budget has been approved.

The representatives of any constituent city or other entity where annual assessments have not been paid by the sixth month following the beginning of the fiscal year (July 1), shall not be entitled to vote in any subsequent meeting or hold elective office within the Organization until such assessment is paid.

### **Note 3: Cash**

The Organization, at June 30, 2005, met all requirements of the Utah Money Management Act (Utah Code Annotated 1953, Section 541, Chapter 7) in handling its depository and temporary investment transactions. This law requires the depositing of funds in a "qualified depository". The Act defines a "qualified depository" as any financial institution whose deposits are insured by an agency of the Federal government and which has been certified by the Utah Commissioner of Financial Institutions as meeting the requirements of, and adhering to, the rules of the Utah Money Management Council. The Organization was fully insured on their checking account by the FDIC.

The Money Management Act also defines the types of securities allowed as appropriate temporary investments for the Organization and the conditions for making investment transactions. Investment transactions are to be conducted through qualified depositories or primary reporting dealers. All cash and investment accounts are insured, registered, or held by the Organization or its agent in the Organization's name.

All cash was deposited in one financial institution and is carried as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Wells Fargo Bank Checking	\$ 20,259	\$ 33,095

**Note 4: Grants receivable and concentration of credit risk**

Grants receivable as of June 30, 2005, are due from Utah Department of Transportation as follows:

General fund:	
Federal Highway funds - PL	<u>\$ 13,249</u>
Total receivables	<u>\$ 13,249</u>

**Note 5: Accounts payable**

Payables as of June 30, 2005 are as follows:

General fund:	
Payroll and taxes payable	\$ 2,742
Accounts payable	<u>1,154</u>
Total payables	<u>\$ 3,896</u>

**Note 6: Reserved fund equity**

The reserved fund balance represents monies provided or available to the Organization for specified purposes, and which can only be expended or held in reserve for an intended purpose.

**Note 7: Grants**

The highway planning and construction program funds are provided to the Utah Department of Transportation to pay for a defined portion of the planning, research, and construction costs of approved projects. These funds are made available to various local public agencies such as cities, counties, tribal governments, metropolitan planning organizations, and other political subdivisions. The state allocates monies to the various entities annually for planning and construction. If the funds allocated each year are not consumed, they are accrued and carried over to subsequent years. At June 30, 2005, the Organization had carryover funds available of \$5,677,071 for construction and \$34,097 for planning.

The funding from the Federal Transit Administration is requested through a grant submitted to the Utah Department of Transportation on behalf of the Organization. Upon receipt of the funds, the State passes the funds to the Organization based on an annual contract. These funds are to be used for planning, research, and improvement of transit systems.

#### **Note 8: Defined benefit pension plan**

Plan Description. Cache Metropolitan Planning Organization (the Organization) contributes to the Local Governmental Noncontributory Retirement System cost-sharing multiple-employer defined benefit pension plan administered by the Utah Retirement Systems (Systems). Utah Retirement Systems provide refunds, retirement benefits, annual cost of living allowances, established and amended by the state legislature, and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 (chapter 49) as amended, which also establishes the Utah State Retirement Office (Office) for the administration of the Utah Retirement Systems and Plans. Chapter 49 places the Systems, the Office and related plans and programs under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding Policy. Plan members in the Local Governmental Noncontributory Retirement System are required to contribute 11.09% of their annual covered salary. The contribution rates are the actuarially determined rates and are approved by the Board as authorized by Chapter 49.

The Organization contributions to the Noncontributory Retirement System for June 30, 2005, 2004, and 2003 were \$4,643, \$5,241, and \$4,508, respectively. The contributions were equal to the required contributions for each year.

#### **Note 9: Defined contribution plan (or 401 (k) plan)**

Cache Metropolitan Planning Organization provides supplemental pension benefits for all of its full-time employees through a defined contribution Section 401 (k) plan. Benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. Employee contributions are optional within prescribed limits. The organizations for each employee (and interest allocated to the employee's account) are fully vested upon deposit into the plan.

The employees made \$2,250 in optional contributions.

#### **Note 10: Related Party**

James P. Gass, the Organization's Executive Director, submitted invoices for services rendered during the fiscal year. The invoices were for work required in the performance of the duties of his position and is allowed by the Organization's articles of association. Total amount paid for fiscal year 2004-2005 was approximately \$2,227.

**SUPPLEMENTAL SECTION**





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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Executive Council  
Cache Metropolitan Planning Organization

We have audited the financial statements of Cache Metropolitan Planning Organization, Utah (the Organization) as of and for the year ended June 30, 2005, and have issued our report thereon dated October 10, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and

its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Organization in a separate letter dated October 10, 2005.

This report is intended for the information of the Organization and various government agencies. However, this report is a matter of public record and its distribution is not limited.

*Peterson Alfred Jackson*

October 10, 2005



Peterson  
Allred  
Jackson

▪ Certified Public Accountants  
Business Consultants

## **INDEPENDENT AUDITOR'S REPORT ON STATE LEGAL COMPLIANCE**

Executive Council  
Cache Metropolitan Planning Organization

We have audited the financial statements of Cache Metropolitan Planning Organization (the Organization), as of and for the year ended June 30, 2005, and have issued our report thereon dated October 10, 2005. As part of our audit, we have audited the Organization's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah's Legal Compliance Audit Guide for the year ended June 30, 2005. The Organization received no major or nonmajor State assistance programs from the State of Utah.

Our audit also included test work on the Organization's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide including:

Cash Management  
Purchasing Requirements  
Budgetary Compliance  
Other General Issues

The management of the Organization is responsible for the Organization's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Governmental Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Organization complied in all material respects, with the general compliance requirements identified above, and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable for the year ended June 30, 2005.

*Peterson Alfred Jackson*

October 10, 2005



Peterson  
Allred  
Jackson

▪ Certified Public Accountants  
Business Consultants

October 10, 2005

Executive Council  
Cache Metropolitan Planning Organization

Dear Executive Council:

In planning and performing our audit of the financial statements of Cache Metropolitan Planning Organization (the Organization), for the year ended June 30, 2005, we developed the following recommendations concerning certain matters related to compliance, internal control structure (other than "reportable conditions"), and certain administrative and operating matters. These recommendations resulted from our observations made in connection with our audit of the Organization's financial statements for the year ended June 30, 2005, and are not based on a special study. Our comments and principal recommendations are summarized below.

#### **PRIOR YEAR FINDINGS**

**Finding:** *Reimbursement request.* CMPO's method of not releasing payroll liabilities when paid caused the Organization to submit more reimbursements to UDOT than expenses incurred. Also, an employee was paid twice for the same expenditure and UDOT was billed for that expenditure twice.

**Recommendation:** Develop a system that will track expenses and payables and reconcile payable in a timely manner. Review all invoices or receipts to insure that expenses are only reimbursed once.

**Management response:** The payment of full time employees will be done using the Payroll Option of Quickbooks Accounting software. This should eliminate the double request of payroll liabilities from UDOT. A printed form will be used for all reimbursement requests and will be reviewed and signed by the person making the request as well as the Executive Director prior to being submitted for payment.

**Status:** CMPO submitted more reimbursements to UDOT than expenses incurred for the year ended June 30, 2005.

## CURRENT YEAR FINDINGS

Finding: Reimbursement request. CMPO requested reimbursement for items that were accrued as accounts payable in the previous year.

Recommendation: Review year-end accruals before submitting the first request in the new fiscal year to verify that expenses are only submitted once.

Management response: For the fiscal year 2005 to 2006 transition, a better determination of pre July 1, 2005 expenses has been made and those expenses will not be requested in the first fiscal year 2006 reimbursement from UDOT. This should correct the problem.

In conclusion, we wish to recognize all personnel and administrators for their excellent service provided to Cache Metropolitan Planning Organization. We would especially like to recognize Jim Gass, Jeff Gilbert, and O. Dean Clegg who have been most cooperative in assisting us in accomplishing the audit for the 2005 fiscal year. The performance of the Organization's annual audit has been an enjoyable experience for us, and we would like to thank the Organization for the opportunity to serve you.

Very truly yours,



Alan D. Allred, CPA

Peterson Allred Jackson

Certified Public Accountants